

# 2018 TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM GUIDELINES

FORMAL DRAFT

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# TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

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## 1 Authority and Purpose

The Transit and Intercity Rail Capital Program was created by Senate Bill 862 (Chapter 36, Statutes of 2014) and modified by Senate Bill 9 (Chapter 710, Statutes of 2015) to provide grants from the Greenhouse Gas Reduction Fund to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.

Senate Bill 9 requires this grant cycle to approve a five-year program of projects starting with the 2018-19 fiscal year and ending with the 2022-23 fiscal year. Funding for this five-year cycle may significantly increase due to legislation passed in 2017. First, Senate Bill 1 (Chapter 5) provides a historic funding increase for transportation with an estimated \$1.4 billion directed to the Transit and Intercity Rail Capital Program for new programming in this cycle. Second, Assembly Bill 398 (Chapter 135) extended the Cap and Trade Program from 2020 through 2030, potentially providing an estimated \$1 billion in Greenhouse Gas Reduction Funds to this program during the programming period of 2018-19 through the 2022-2023 fiscal year. While these amounts are reasonable estimates as of the date of the guidelines, funding from both sources are subject to impacts from market forces. Auction proceeds, in particular, may vary significantly from one auction to the next.

These guidelines describe the policy, standards, criteria, and procedures for the development, adoption and management of the Transit and Intercity Rail Capital Program. The guidelines are being developed in consultation with the Air Resources Board, the California Transportation Commission (Commission), the Department of Transportation (Caltrans), and the Strategic Growth Council, and informed by input received both in writing and through in-person workshops in the summer of 2017.

## 2 Background

The Global Warming Solutions Act of 2006 (Assembly Bill [AB] 32, Nunez, Chapter 488) created a comprehensive program to reduce greenhouse gas emissions in California. AB 32 requires California to reduce greenhouse gas emissions to 1990 levels by 2020, and to maintain and continue reductions beyond 2020. In 2016, Governor Brown signed Senate Bill 32 (Chapter 249) that sets a climate goal for California to reduce greenhouse gases to 40 percent below 1990 levels by 2030. Senate Bill 398 extends the Cap and Trade Program to help achieve the 2030 climate goal.

The Cap-and-Trade Program is a key element in California's Scoping Plan, which implements measure to achieve greenhouse gas reduction goals. It creates a limit on the emissions from sources responsible for 85 percent of California's greenhouse gas emissions, establishes the price signal needed to drive long-term investment in cleaner fuels and more efficient use of energy, and gives covered entities flexibility to implement the lowest-cost options to reduce greenhouse gas emissions.

In 2012, the Legislature passed and Governor Brown signed into law three bills, AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (De León, Chapter 830, Statutes of 2012), and SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), that established the Greenhouse Gas Reduction Fund to receive the State's portions of proceeds from the distribution of allowances via auction and provided the framework for how those auction proceeds will be appropriated and expended. Subsequent legislation, AB 1550 (Chapter 369, Statutes of 2016), modified requirements for expenditures from the Greenhouse Gas Reduction Fund relative disadvantaged communities and low-income communities and households. State law requires that expenditures from the Greenhouse Gas Reduction Fund be used to facilitate the achievement of greenhouse gas emission reductions. In

addition, Transit and Intercity Rail Capital Program expenditures must comply with the requirements contained in SB 862 and SB 9, which provide statutory direction the program.

Senate Bill 1 (Chapter 5, Statutes of 2017) provides a historic funding increase for transportation with an estimated ten-year funding level of \$54 billion to fix highways and local roads and bridges, address congestion for commuters and freight movement, and invest in transit and active transportation. SB 1 funds are estimated to provide about \$1.4 billion for the Transit and Intercity Rail Capital Program in 2017-18 through 2022-23.

### 3 Objectives

The goals of the Transit and Intercity Rail Capital Program are to provide monies to fund transformative capital improvements that modernize California's intercity rail, bus (including feeder buses to intercity rail services, as well as vanpool services that are eligible to report as public transit to the Federal Transit Administration), ferry, and rail transit systems (collectively referred to as transit services or systems inclusive of all aforementioned modes unless otherwise specified) to achieve all of the following objectives:

1. Reduce emissions of greenhouse gases
2. Expand and improve transit service to increase ridership
3. Integrate the rail service of the state's various rail operations, including integration with the high-speed rail system
4. Improve transit safety

Additionally, SB 862 establishes a programmatic goal to provide at least 25 percent of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities, consistent with the objectives of SB 535 and AB 1550, and address a community need.

### 4 Funding

The Transit and Intercity Rail Capital Program will receive both a specified portion of annual Senate Bill 1 revenues and 10 percent of the Cap-and-Trade auction proceeds deposited in the Greenhouse Gas Reduction Fund.

Pursuant to Senate Bill 9 of 2015, the California State Transportation Agency (CalSTA) will adopt a multi-year program of projects covering 2018-19 through 2022-23. An estimate for the funding available for the Transit and Intercity Rail Capital Program will be available with the call for projects.

While the Fund Estimate will be based on anticipated revenue through 2022-23, Senate Bill 9 authorizes CalSTA to enter into a multi-year funding agreement with an eligible applicant for an amount of program money and for any duration. Such a multi-year funding agreement would be implemented in cooperation with the Commission. CalSTA may use this authority to allow an allocation of funds for a project that would depend on revenue received subsequent to the allocation, and could include funds received subsequent to the 2022-23 fiscal year.

Pursuant to SB 9, no later than July 1, 2018, CalSTA will approve an initial five-year program of projects with the first year being 2018-19, with additional five-year programs approved by April 1 of each even-numbered year thereafter. Each program of projects shall be a statement of intent by the Transportation Agency for the allocation and expenditure of moneys during those five fiscal years.

As provided in statute, the Transportation Agency may revise its approved program of projects as necessary. The Transportation Agency may also adopt an allocation plan for multi-year projects,

tying allocation of funding to an awarded project to funds available in specified fiscal years. The goal of such a plan is to allow a project with construction over multiple years to have a commitment of funds programmed over multiple years in order to enter into necessary contracts for construction.

## 5 Schedule

Distribute discussion draft guidelines	Aug. 4, 2017
Present discussion draft guidelines to California Transportation Commission	Aug 17, 2017
Informal workshop, Southern California	Aug. 18, 2017
Informal workshop, Northern California	Aug. 21, 2017
Post and send final draft guidelines to Legislature	Aug. 29, 2017
Workshop, Southern California	Sep. 29, 2017
Workshop, Northern California	Oct. 2, 2017
Final comments on guidelines due to CalSTA	Oct 5, 2017
CalSTA publishes final program guidelines	Oct. 13, 2017
Call for projects	Oct. 13, 2017
Optional meetings to discuss project concepts and quantification with CalSTA staff	Nov TBD, 2017
Project applications due to Caltrans	Jan. 12, 2018
CalSTA publishes summary of applications	Feb. 12, 2018
CalSTA anticipates publishing list of approved projects	Apr. 30, 2018
Anticipated presentation of project list to CTC (at regular meeting)	May 2018

## 6 Eligible Applicants

Eligible applicants must be public agencies, including joint powers agencies, that operate or have planning responsibility for existing or planned regularly scheduled intercity or commuter passenger rail service (and associated feeder bus service to intercity rail services), urban rail transit service, or bus or ferry transit service (including commuter bus services and vanpool services). Public agencies include construction authorities, transportation authorities, and other similar public entities created by statute.

An applicant assumes responsibility and accountability for the use and expenditure of program funds. Applicants must comply with all relevant federal and state laws, regulations, policies, and procedures.

## 7 Eligible Projects

Eligible applicants may submit project applications individually or as part of a joint application. In order to be eligible for funding under this program, **a project must demonstrate that it will achieve a reduction in greenhouse gas emissions using the CARB quantification methodology.**

Projects eligible for funding under the program include, but are not limited to, the following:

1. Rail capital projects, including the acquisition of rail cars and locomotives, and the facilities to support them, that expand, enhance, or improve existing rail systems and connectivity to existing and future transit systems, including the high-speed rail system.
2. Intercity, commuter, and urban rail projects that increase service levels, improve reliability, or decrease travel times. These projects may include infrastructure access payments to host railroads in lieu of capital investments, efforts to improve existing rail service effectiveness with a focus on

improved operating agreements, schedules, and minor capital investments that are expected to generate increased ridership, as well as larger scale projects designed to achieve significantly larger benefits.

3. Rail, bus, and ferry integration implementation, including: integrated ticketing and scheduling systems and related capital investments (including integration with bus or ferry operators); projects enabling or enhancing shared-use corridors without increasing net air pollution (both multi-operator passenger only corridors as well as passenger-freight corridors); related planning efforts focused on, but not limited to, delivery of integrated service not requiring major capital investment; and other service integration initiatives.
4. Bus rapid transit and other bus and ferry transit investments (including vanpool services operated as public transit) to increase ridership and reduce greenhouse gas emissions, including capital investments, as a component implementing transit effectiveness studies, that will contribute to restructured and enhanced service.

CalSTA intends to fund a small number of transformative projects that will significantly reduce vehicle miles traveled, congestion, and greenhouse gas emissions by creating a new transit system, increasing the capacity of an existing transit system, or otherwise significantly increasing the ridership of a transit system. Significant change will be measured both in percentage terms and in total quantity terms. These may include, for example, both lower-cost projects focused on integration, reliability and enhancement of service, and higher-cost capital expansion projects. In addition, CalSTA seeks projects that link key destinations and improve accessibility to economic opportunities.

CalSTA will also make some funding available for demonstration projects that are smaller-scale efforts with great potential to be expanded. Projects may include novel approaches to attracting new riders such as smart phone mobile ticketing or other software and hardware solutions to reduce ticketing transaction costs, or a test of a concept related to integrated ticketing, as well as intercity rail or transit effectiveness or operational planning as a component of the capital investments in improved, expanded and/or restructured service designed to cost-effectively increase ridership.

Pursuant to statute, the Transit and Intercity Rail Capital Program is required to fund transformative capital improvements, including the facilities that support them, that significantly reduce vehicle miles traveled, congestion, and greenhouse gas emissions, along with achieving geographic equity. An applicant submitting multiple project applications must clearly prioritize its projects, and is encouraged to identify phases or priorities within each project application, if applicable, if available resources do not permit the full project to be funded. Applicants submitting a high-dollar, single application with no scalability or separable project elements may increase the risk of having an uncompetitive project application. At the same time, applicants are advised to submit projects that are scalable where practical. In the event that available program resources expand prior to the completion of the programming cycle, the Transportation Agency may revise upward the funding available for the programming cycle.

While there is no minimum match requirement for this funding source, funding leverage is desirable and will be considered in the evaluation of expected project benefits. In particular, emphasis will be placed on projects that leverage funding from other greenhouse gas reduction programs such as Caltrans' Low Carbon Transit Operations Program, the Strategic Growth Council's Affordable Housing and Sustainable Communities Program or the Air Resources Board's Low Carbon Transportation funding program, or the leveraging of funding from other federal, state, local or regional sources (including potential local transportation funding measures, as further detailed in Section 11), with consideration of those sources that are discretionary compared to those that are non-discretionary. A recipient of money under the program may combine funding from the program with other state funding (if allowed), including, but not limited to, the State Transportation Improvement Program, the Low Carbon Transit Operations Program, the State Air Resources Board clean vehicle program, and state transportation bond funds.

If a project is awarded funds, funds identified as committed to the project may be required as a funding match at the time of project selection, and based on the matching percentage identified at the time of selection, a pro-rata reimbursement agreement may be established to ensure project savings are equitably distributed and that committed non-TIRCP funds are not supplanted. If capital assets are removed from service before the end of their useful life, pro-rata repayment of grant funds may be required.

Redeployment of capital assets to achieve similar, or greater, benefits more effectively (i.e., redeploying bus service to achieve greater greenhouse gas reductions or better serve a disadvantaged community based on current needs) may be permitted, but must be documented (with documentation including a detailed justification of the requested redeployment) by the grantee and approved in advance by CalSTA.

CalSTA will give priority to projects which fund construction or implementation; however, projects that will be completed with other funds are eligible for funding. If an implementing agency receives funding for a project that is to be completed with other funds (for example, a project which receives funds for plans, specifications, and estimates from the Transit and Intercity Rail Capital Program but which will receive local measure funding for construction), that agency is required to complete the project as proposed. If the project is not completed as proposed, the agency may be required to fully or partially repay funds from the Transit and Intercity Rail Capital Program commensurate with the failure to complete the project and deliver anticipated reductions in greenhouse gas emissions.

Prior to the project application due date, CalSTA intends to invite interested eligible applicants to optional meetings to discuss proposed project concepts and greenhouse gas reduction quantification in order to clarify program requirements.

## 8 Project applications

Applications should be submitted to Caltrans by January 12, 2018. Applications will be treated in accordance with Public Records Act requirements and certain information, subject to those requirements, may be publicly disclosed.

Each project application must include:

A signed cover letter, with signature authorizing and approving the application.

An explanation of the project and its proposed benefits, including the following:

1. Project title, which should be a brief non-technical description of the project type, scope, and location.
2. Project priority (if agency is submitting multiple applications). Explain the prioritization, including any state, regional or local planning efforts that support the ranking.
3. Project purpose and need.
4. Project scope.
5. Project Location
  - Provide a map for each of the following
  - A. Project location denoting the project site. Provide a KML file for the project with the transit route/project location represented by lines and stops represented by points as applicable.
  - B. Project location denoting disadvantaged communities that will benefit from the project, as applicable, according to Air Resource Board Guidelines
  - C. Project location denoting the location of low income communities, as applicable, according to Air Resource Board Guidelines
  - D. Greenhouse gas reducing features such as the transportation corridors experiencing improved

air quality, surrounding land use density, housing and employment centers, transit oriented development/sustainable communities strategy projects, active transportation infrastructure and other features, to the extent available.

6. Project costs
 

Documentation of the basis for the costs, benefits and schedules must be cited in the project application and made available upon request. The application should identify:

  - A. Cost estimates should be escalated to the year of proposed delivery.
  - B. Only cost estimates approved by the Chief Executive Officer or other authorized officer of the implementing agency should be used.
  - C. The amount and source of funds committed to the project (including funding for initial operating costs). A funding commitment is defined in section 11 below.
  - D. The amount of Transit and Intercity Rail Capital Program funds requested. Transit and Intercity Rail Capital Program funds cannot be used to supplant other committed funds.
7. Project schedule, including the project's current status and major delivery milestones.
8. Project benefits:
  - A. A clear demonstration of the expected benefits and the proposed metrics for tracking and reporting on those benefits consistent with the Air Resources Board's Funding Guidelines ([www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm](http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm)).
  - B. The description of project benefits must address all of the Primary and Secondary Evaluation Criteria listed below under Project Selection Process (Section 9), indicating that a category is not applicable or no benefits are expected when that is the case.
  - C. An estimate of the useful life of the project for the dominant project asset type (can be separated by project category or phase if elements of the project have independent utility and could be separately funded or placed in service).
  - D. When investment of TIRCP is proposed to improve private infrastructure, an assessment of public and private benefits to show that the share of public benefit is commensurate with the share of public funding.
  - E. If a project will be competing for funding from other greenhouse gas reduction programs (such as Caltrans' Low Carbon Transit Operations Program, the Strategic Growth Council's Affordable Housing and Sustainable Communities Program or the Air Resources Board's Low Carbon Transportation funding program) or from the Commission's Active Transportation or State Transportation Improvement Programs, the applicant must indicate if there are separable elements that will be funded from those other sources. The applicant must clearly explain any change to the benefits of the project if the funding from that source is not awarded to the project.
  - F. Identify studies or planning documents relevant to expected project benefits and include a copy of the referenced documents as an attachment.
9. A discussion of the proposed project's impact, both favorable and unfavorable, on other transit services and projects planned or underway within the corridor, including intercity rail, transit or high speed rail services in a parallel or connecting corridor. Impacted plans should be clearly identified and corresponding planning documents should be included as an attachment. If ridership of the other services are expected to be impacted by the proposed project, evidence of how the other services are to be impacted should be included in the application, including evidence of coordination with the other service providers and an estimate of multi-operator impacts where available. Project impacts that increase ridership on other services through increased transfers of passengers may be reflected in the quantification of GHG benefits only if the project also documents the ability of the connected corridor to provide capacity sufficient to accommodate the riders. If additional service must be operated by the adjoining operator, the operation of such service must be included in the calculation of emissions related to the project. If an agency recognizes value in additional efforts to integrate services with other transportation providers or enhance station access (including by active



transportation) during the post-award period (and prior to the beginning of service resulting from the project), a specific task and budget for the proposed activities should be included in the project application. The general scope of the proposed effort should be submitted in draft form, but is considered subject to revision and development of additional detail prior to allocation of TIRCP funding for these activities. During application review, if additional efforts are seen as necessary in order to successfully integrate the project with other services or to address station access, CalSTA may propose an additional task and potentially assign additional funding to pursue such integration and access planning above and beyond what is requested in the project application, with the scope agreed to during development of the agreements necessary to implement the selected project.

10. If appropriate, an explanation of how some or all of the project provides direct, meaningful, and assured benefits to a disadvantaged community, low income communities or low income households. Identify a need of that community, including how the need was established identify the portion of the project, if any, that is located within a disadvantaged community or low income community and that addresses the need (see Section 9.3 and Attachment 1). If an agency recognizes value in additional efforts to consult with disadvantaged or low income stakeholders during the post-award period (and prior to the beginning of service resulting from the project), a specific task and budget for the proposed activities should be included in the project application. Such efforts may include plans for service implementation of the specific project, addressing station access issues specific to the stakeholders, as well as developing proposals for service changes and capital investments that may be funded through future capital or operating funds or through project cost savings. Activities that address community engagement may include, but are not limited to, public workshops/meetings, door-to-door canvassing, house meetings, established website and/or social media efforts, surveys, focus groups, subcontracts with community-based organizations to conduct outreach, allocation of staff or contractor positions focused on community engagement, and advisory bodies or other shared decision-making bodies. The general scope of the proposed effort should be submitted in draft form, but is considered subject to revision and development of additional detail prior to allocation of TIRCP funding for these activities. During application review, if additional efforts are seen as necessary in order to successfully address the needs of disadvantaged or low income stakeholders, CalSTA may propose an additional task and potentially assign additional funding to pursue such consultations above and beyond what is requested in the project application, with the scope agreed to during development of the agreements necessary to implement the selected project.
11. Description of funding sources and approach to ensuring ongoing operating and maintenance costs of the project are funded through the useful life of the project (as applicable).
12. Each application must include a Project Programming Request (PPR) Form. A template of this form in Excel may be found at [www.dot.ca.gov/drm/sptircp.html](http://www.dot.ca.gov/drm/sptircp.html). Each Project Programming Request must list Federal, State, and local funding categories by fiscal year. All applicants must demonstrate the ability to absorb any cost overruns and deliver the proposed project with no additional funding from this program beyond that provided in initial grant or cooperative agreement, and to fund initial operating costs. If the project is a scope addition to a project with a prior PPR Form, the prior PPR should be included, and the revised PPR must not reflect supplantation of previously committed funds.

An eligible applicant may submit an application to fund a project over multiple fiscal years. The cost of each project component must be listed in the State fiscal year in which the particular project component can be delivered. For environmental studies and permits, costs should be listed in the fiscal year during which environmental studies will begin. Costs for the preparation of plans, specifications, and estimates should be listed in the fiscal year during which this work will begin. Right-of-way costs should be listed in the fiscal year(s) during which each right-of-way acquisition (including utility relocation) contract will first be executed. Construction costs should be programmed in the fiscal year during which each construction contract will be advertised, or if an agency can receive TIRCP construction funding over multiple fiscal years to fund a given proposed contract, a

reflection of the years in which construction funding is required to meet expected contract requirements. If a project is expected to require multiple contracts for any stage of project development, each contract should be listed separately. Applicants are encouraged to submit a narrative explanation or supplement to the PPR to reflect the proposed contracting approach, and describing the ability of the project to receive funds on varying allocation schedules. If a project has special cash flow considerations that would benefit from TIRCP funds being available at a particular time, please describe this in the application. Finally, please note if a project is only requesting funds for a particular phase of the proposed project, such as a construction contract expected to be awarded in year three of the project. Under these circumstances, TIRCP funding allocation may be conditioned on achieving bid-ready status.

12. Letters of support for project implementation, including letters from:
  - A. Stakeholders critical to the project, such as host railroads or facility owners. If TIRCP funds are to be used at a later stage of project implementation (such as construction) and an agency is able to commit to delivering the project goals with no additional TIRCP funding (supplementing if necessary from non-TIRCP sources), letters of support may indicate overall support for the project as described in the application and willingness to engage in best efforts to achieve a formal agreement for the construction elements of the project requiring future stakeholder agreement. Allocation of awarded TIRCP funding will be conditioned on such agreements being finalized and the project being implemented in a manner consistent with original application.
  - B. A Metropolitan Planning Organization (MPO), indication that the project is or is not consistent with an adopted Sustainable Communities Strategy, or in non-MPO regions, a regional plan to reduce greenhouse gas emissions. (It is not necessary for establishment of project eligibility for an MPO to indicate its specific support for the project.)
  - C. Regional agency or agencies.
  - D. Members of the community, including representatives of impacted disadvantaged or low income communities.
13. Description of project elements that are separable or scalable based on available funding, if applicable, while still maintaining independent utility. For example, if an application is for improving service on three routes, each route should be separately described and prioritized so that the highest-priority portion of the application could be funded if resources are not sufficient for full project funding. If some or all of the project is already programmed using state or federal funds, the application must clearly explain if and how the scope of the project has changed since the most recent state or federal programming action. If the project is not scalable, the applicant should provide background detailing why it is not practical for it to be segmented.

Documentation of the basis for the costs, benefits, and schedules must be cited in the project application and made available upon request.

CalSTA will post basic project application information on its website prior to awarding funding. After projects are selected, CalSTA will post the status of all project applications to its website.

Each project will be required to track and report on project status and benefits. CalSTA encourages project applicants to carefully consider how to track the status and benefits of the proposed project, including having project budgets that allow for an appropriate level of before and after data collection and analysis (e.g., greenhouse gas reductions, diesel particulate matter reductions, increased transit service for disadvantaged community residents, etc.). This tracking could take the form of customer surveys made before and after the proposed project, specific data analysis before and after the project, or other efforts. Since this is an ongoing funding program of the state, developing lessons learned and good supporting data are critical to future program effectiveness.

## 9 Project Evaluation

Applications will receive an initial screening for completeness and eligibility. Incomplete or ineligible applications may not be evaluated.

### 9.1 Primary Evaluation Criteria

Projects will be selected through a competitive process. The primary evaluation will be based on how well a project meets the objectives of the program:

1. Reduce greenhouse gas (GHG) emissions. The Air Resources Board (ARB) has developed a quantification methodology for estimating greenhouse gas reductions that may occur as a result of project implementation (see Appendix 2). The inputs and assumptions behind these calculations must be thoroughly documented as part of the application. Applicants should present project elements that are scalable or separable in a manner that allows the greenhouse gas emission reductions of each element to be understood. Total cost per ton of carbon dioxide equivalents (CO<sub>2</sub>e) reduction and Transit and Intercity Capital Program funding per ton of CO<sub>2</sub>e reduction will be primary elements of the evaluation for project selection. Applicants must quantify greenhouse gas reductions (see Appendix 2) and submit reporting information in accordance with Air Resources Board's Funding Guidelines ([www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm](http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm)), including reporting on benefits to disadvantaged communities. Highly rated projects will exhibit a low cost per ton of CO<sub>2</sub>e reduction, and will have strong documentation of the ridership and passenger mile impacts of the project.
2. Increase ridership through expanded and improved rail and transit service (including connectivity to rail services through expanded and improved transit and/or feeder bus services). Documentation of the assumptions and approach to estimating ridership changes is a critical component of evaluating greenhouse gas emission reductions. Highly rated projects will have significant ridership impacts relative to the project cost and well documented methodologies for establishing ridership forecasts. If multiple operators benefit from or are impacted by a project, highly rated projects will document specific ridership results specific to each operator, including any reductions impacting other operators.
3. Integrate the services of the state's various rail and transit operations, including integration with the high-speed rail system, as described in the most recent, currently approved High Speed Rail Business Plan, or subsequent documents referenced at the time of project solicitation. Highly rated projects will demonstrate specific agreements and project features that ensure integration, will often include multiple agencies cooperating to deliver a project, and will generally have a significant portion of ridership benefitting from integration.
4. Improve safety. Projects that include specific measures to address safety for users or non-users of the transit or rail service should specifically note such project elements and the funding related to them. Such improvements may include improved crossing protection at railroad crossings or elements in transit stations that reduce the likelihood of pedestrian fatalities and injuries, among other safety elements. Such safety elements may also include elements that increase the safety of disadvantaged and/or vulnerable populations, including safer circulation for the elderly, mobility impaired, very young, and the vision impaired. Highly rated projects will have significant project element related to safety and will not leave major safety considerations unaddressed.

### 9.2 Secondary Evaluation Criteria

Projects will also be evaluated based on the following criteria:

1. The co-benefits of projects that support the implementation of sustainable communities

strategies through one or more of the following:

- A. Reducing vehicles miles traveled from automobiles and the number of automobile trips through growth in transit ridership.
- B. Promoting housing development in the vicinity of rail stations and major transit centers, including existing or planned high-density housing development within one-half mile walk of an applicant's rail stations or major transit stops. Consideration will be given to station communities with HCD-certified housing elements and high-density zoning.
- C. Increasing the attractiveness of a transit-served area for the location of additional jobs and housing, and the resulting low-carbon impact of such location efficiency on statewide GHG emissions relative to the status quo.
- D. Expanding existing rail and public transit systems.
- E. The contribution of the project to the acceleration of later phases of the project or to other rail and transit projects in the region or service area.
- F. Enhancing the connectivity, integration, and coordination of the state's various transit systems, including, but not limited to, regional and local transit systems and the high-speed rail system.
- G. Implementing clean vehicle technology, especially zero emission technology.

- H. Promoting active transportation, by increasing the proportion of trips accomplished by biking and walking or increasing the safety and mobility of bicyclists and pedestrians.
  - I. Improving public health, with particular emphasis on elements benefiting the most impacted and disadvantaged and/or low income communities.
  - J. Air quality impacts of the project not included in the reduction of greenhouse gas emissions, including health benefits from improved regional air quality resulting from the project.
2. Benefit to disadvantaged and/or low income communities. The applicant must evaluate the criteria detailed in Attachment 1 to determine whether the project meets at least one of the criteria for providing direct, meaningful, and assured benefits to a disadvantaged and/or low income community, and address a community need pursuant the Air Resources Board's Funding Guidelines ([www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm](http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm)), and specifically document the manner in which all or part of the project does so. Projects that will be used by residents of disadvantaged and/or low income communities should document the nature of such use and its degree of relevance to disadvantaged community residents in the service areas of the operators benefiting from the project. Consideration should be given to identifying the most disadvantaged and/or low-income communities within an applicant's service area, and identifying benefits specific to those communities. Project applicants should be explicit on the deliberate steps they take to achieve a meaningful level of participation from disadvantaged and/or low-income communities in the planning and design of projects that are intended to address community identified priorities and needs.
  3. The project priorities developed through the collaboration of two or more rail operators and any memoranda of understanding between state agencies (including intercity rail joint powers authorities) and local or regional rail operators.
  4. Geographic equity, with particular attention by applicants in identifying efforts to address underserved communities within an applicant's region or service area. The Transportation Agency will separately apply geographic equity considerations at a statewide level.
  5. Consistency with a plan or strategy contained in an adopted Sustainable Communities Strategy, as confirmed by the Metropolitan Planning Organization (MPO), or, in non-MPO regions, a regional plan that includes policies and programs to reduce greenhouse gas emissions. Projects that are part of a regional network and are considered regionally significant should be noted as such. All referenced documents should be included as an attachment.
  6. Benefits to freight movement.
  7. The extent to which a project has supplemental funding committed to it from non-state sources, with an emphasis on projects that leverage funding from private, federal, local or regional sources that are discretionary.
  8. Integration across other modes of transportation, such as connections at airports, bus and ferry terminals, and subway stations.
  9. For expansions of service, the presence and quality of a financial plan that analyzes the financial viability of the proposed service, including the availability of any required operating financial support.

Highly rated projects will address and score highly on multiple secondary evaluation criteria, with clear documentation of claimed benefits. Clear documentation will include data related to evaluating the claimed benefits to the extent available. Agencies are encouraged to document in the secondary evaluation criteria categories verifiable greenhouse gas reducing activities

associated with a project that are not specifically captured in the primary evaluation categories and in the quantification tool provided by the Air Resources Board.

### 9.3 Benefit to Disadvantaged Communities and Low Income Communities and Households

It is a goal of this program to maximize benefits to disadvantaged communities and low income communities and households. Pursuant to the requirements of Senate Bill 535 of 2012, as amended by Assembly Bill 1550 of 2016, the overall California Climate Investments Program funded with Cap-and-Trade auction proceeds must result in: (1) a minimum of 25% of the available moneys in the Greenhouse Gas Reduction Fund to projects located within, and benefiting individuals living in, disadvantaged communities, (2) an additional minimum of 5% to projects that benefit low-income households or to projects located within, and benefiting individuals living in, low-income communities located anywhere in the state, and (3) an additional minimum of 5% either to projects that benefit low-income households that are outside of, but within a 1/2 mile of, disadvantaged communities, or to projects located within the boundaries of, and benefiting individuals living in, low-income communities that are outside of, but within a 1/2 mile of, disadvantaged communities.

The Secretary for Environmental Protection at California Environmental Protection Agency (CalEPA) has identified disadvantaged communities and low income communities through the map available at this website:

<https://calepa.ca.gov/envjustice/ghginvest/>

In addition to contributing benefits towards meeting or exceeding the AB 1550 investment minimums, TIRCP has a statutory investment target for benefits to disadvantaged communities required by SB 862 (a 25% minimum). Agencies are responsible for documenting compliance with these requirements. However, investments that are eligible to be counted toward AB 1550 for within and benefiting disadvantaged communities will also count toward meeting the SB 862 requirements. Refer to criteria in the forthcoming Funding Guidelines Updates (further referenced below) for how to demonstrate benefit.

SB 862 requires the Air Resources Board, in consultation with CalEPA, to develop funding guidelines for all agencies that are appropriated monies from the Greenhouse Gas Reduction Fund. These guidelines must include a component for how administering agencies should maximize benefits for disadvantaged communities. The Air Resources Board is currently updating these guidelines, and will be holding workshops to receive public input. Stakeholders can find updated information on this process at this CARB website:

<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>

These final 2018 TIRCP Guidelines to be adopted in October 2017, will include the most current information available from CARB at that time.

In reviewing efforts to maximize benefits to disadvantaged and low income communities, CalSTA may request review of applications by an advisory panel representing such stakeholders during the evaluation of applications. The primary goal of this panel will be to review proposed efforts (both pre-application and those proposed for the post-award period) and to either confirm that

the applicant efforts will help align the proposed project with stakeholder needs, or to recommend efforts that would allow such needs to be addressed (see items 9 and 10 in section 8 describing how such efforts may be requested and funded as part of project selection).

## 10 Project Selection Process

CalSTA will evaluate applications for compliance with the objectives of the program and rate them based on the aforementioned primary and secondary criteria, assigning ratings such as “High,” “Medium-High,” “Medium,” “Medium-Low”, and “Low” to the specific alignment of the project to each of the selection criteria, and also considering the cost per ton of CO<sub>2</sub>e reduction and the risks of successful project delivery. Because of the wide variety in the type and size of projects that can be funded from this program, CalSTA may group projects for the purpose of comparing the ratings of like applications or for purposes of comparing projects within a region. In addition, projects with clear phases or scalability may be evaluated for the portion of the project that would receive the highest rating if partial funding for the project is under consideration. The highest rated applications that meet the program objectives will be selected for programming, except that CalSTA may make adjustments to meet the disadvantaged community goals of this program and to provide geographic equity.

In addition to being evaluated on the aforementioned criteria and benefit to disadvantaged communities, each application will also be assessed to determine the risk associated with the project's capacity to generate, as planned, transportation and greenhouse gas emission reduction benefits (including potential sensitivity to different project benefit outcomes), and to be delivered within budget, on time, and as designed.

Additional factors to be considered include:

1. The overall need and benefit of the project in the context of its contribution to advancing later phases of the project, other aspects of a region's long range plans or towards improving the state's interregional transportation network.
2. Project readiness and reasonableness of the schedule for project implementation, including the following:
  - A. Progress towards achieving environmental protection requirements.
  - B. The comprehensiveness and sufficiency of agreements with key partners (particularly infrastructure owning railroads) that will be involved in implementing the project.
  - C. For projects that are not fully funded through construction, the timing and amount of the project's future non-committed investments. *Please note: CalSTA will give priority to projects which fund construction or implementation.*
3. The leveraging and coordination of funding from other greenhouse gas reduction programs such as Caltrans' Low Carbon Transit Operations Program, the Strategic Growth Council's Affordable Housing and Sustainable Communities Program or the Air Resources Board's Low Carbon Transportation funding program.
4. The leveraging and coordination of funding from other private, federal, state (including SB1 funding programs), local or regional sources, with consideration of those sources that are discretionary compared to those that are non-discretionary.

Highly rated projects will clearly communicate a compelling need for the project in terms of specific benefits for the public, and will demonstrate a high degree of project readiness with few risks related to proceeding into construction and operating services that achieve the proposed benefits once the project is completed. Most highly rated projects will have an approved environmental document. Those projects that are requesting TIRCP funds to complete the project's funding package (when combined with already committed other funds) will clearly communicate the acceleration in project delivery possible due to receipt of TIRCP funding even if the project may ultimately have been advanced with future local



and state resources at a later date. Highly rated projects will quantify the benefits of such acceleration as part of the project application.

CalSTA will collaborate with other state entities when evaluating project proposals, including but not limited to: the Air Resources Board, CalEPA, the California High-Speed Rail Authority, Caltrans, the Commission, the Department of Housing and Community Development, and the Strategic Growth Council.

CalSTA, or Caltrans acting on CalSTA's behalf, may request additional documentation to support statements or data provided in the applications. However, applicants should endeavor to be as clear as possible in their applications and not assume that opportunity will be provided to clarify or better support a submitted application. Supporting documentation should include spreadsheets, reports and methodology descriptions (with sources noted) when available.

Applications will proceed through a multi-step review process:

1. Basic screening for completeness and eligibility
2. Review of application for potential subdivision into project phases or components, review and analysis of ridership and GHG quantification, and summarization of project to assist technical panel review
3. Initial rating of projects on each primary and secondary evaluation criterion (see section 9) and other additional factors (above in this section) described in the guidelines by multi-agency technical panels
4. Consideration of technical panel ratings, geographic equity and degree of disadvantaged community benefits by a senior executive panel, with potential to request additional information from subject matter experts that may result in a revised rating on one or more evaluation criteria or factors
5. Project selection by CalSTA, taking into consideration cross-cutting and comparative selection criteria that consider overall program objectives, geographic equity and exceeding program goals for benefits to disadvantaged communities

## 11 Programming

CalSTA intends to publish a 5-year program of approved projects by April 30, 2018, and to present the program to the Commission at its May 2018 meeting (subject to potential revision). When CalSTA releases the program, it will include a narrative for each approved project that describes that project's rating for primary and secondary criteria as well as special considerations to achieve disadvantaged community benefit and geographic equity. Subsequent programs are expected to be approved by CalSTA biennially. CalSTA may call for additional programming, or adjust existing programming between cycles, as warranted based on the level of auction proceeds.

CalSTA will develop a multi-year allocation plan to guide the allocation of projects at the Commission. The program of projects for each fiscal year will include, for each project, the amount to be funded from the Transit and Intercity Rail Capital Program, and the estimated total cost of the project. Total project costs will include all project support costs and all project listings will specify costs for each of the following components: (1) completion of all permits and environmental studies; (2) preparation of plans, specifications, and estimates; (3) right-of-way capital outlay; (4) support for right-of-way acquisition; (5) construction capital outlay; and (6) construction management and engineering, including surveys and inspection. The cost of each project component will be listed in the Transit and Intercity Rail Capital Program no earlier than in the fiscal year in which the particular project component can be implemented.

When proposing to fund only preconstruction components for a project, the applicant must



demonstrate the means by which it intends to fund the construction of a useable segment, consistent with a regional transportation plan or the Caltrans interregional transportation strategic plan. *Please note: CalSTA will give priority to projects which fund construction or implementation.*

When project design, right-of-way, or construction are programmed before the implementing agency completes the environmental process, the applicant must submit to CalSTA updated cost estimates, updated analysis of the project's cost effectiveness, and updated analysis of the project's ability to further the goals of the program following the completion of the environmental process. If this updated information indicates that a project is expected to accomplish fewer benefits or is less cost effective as compared with the initial project application, future funding for the project may be deleted from the program.

Consistent with Commission policies, CalSTA will program and the Commission will allocate funding to projects in whole thousands of dollars and will include a project or project component only if it is fully funded from a combination of Transit and Intercity Rail Capital Program and other committed funding. Funds will be considered as committed when they are programmed by the CalSTA or when the agency with discretionary authority over the funds has made its commitment to the project by ordinance or resolution, or in the case of the Federal Transit Administration, recommendation of the project for funding in the *Annual Report on Funding Recommendations* for the Capital Investment Program.

For federal formula funds, including Surface Transportation Program, Congestion Mitigation and Air Quality Improvement Program, and federal formula transit funds, the funding commitment may be by Federal approval of the Federal Statewide Transportation Improvement Program. For projects seeking federal discretionary funds such as New Starts, Core Capacity, or Small Starts, the commitment may take the form of federal acceptance into Accelerated Project Delivery and Development (in the case of Small Starts) with the expectation of federal approval of an Expedited Grant Agreement, or federal approval of a project to enter Engineering (in the case of New Starts or Core Capacity) with the expectation of federal approval of a Full Funding Grant Agreement, as long as all funding, excluding Transit and Intercity Rail Capital Program funding, is committed to the project. A project that is programmed prior to receiving federal approval for construction must receive the federal approval for construction prior to the start of the next Transit and Intercity Rail Capital Program call for projects or the project may be subject to deletion from the program unless other committed funding sources are identified that replace federal funding not obtained. For planning purposes, applicants considering a request for a contingent commitment should anticipate the next call for projects to be on or prior to October 1, 2019 (date subject to revision by CalSTA).

For local funding, the funding commitment may be demonstrated by inclusion of the project in a funding package, such as a sales tax measure, to be submitted to voters during this program cycle and with sufficient funding specified for the project to achieve full funding. The applicant shall provide evidence with the application that the project is included in a future funding package with funds sufficient to meet the local funding commitment when combined with other already available funds. A project that is programmed prior to receiving voter approval for project funding must succeed in receiving the voter approval, or the project may be subject to deletion from the program.

If projects do not receive their anticipated federal or local funding commitments, CalSTA may delete the project from the program and consider selection of projects or components of projects that were highly rated but not selected due to lack of sufficient funds in the 2018 round of applications. An applicant may resubmit a deleted project for consideration in future funding round.

CalSTA may make an exception to its policy to only program a project if it is fully funded, if the project may be funded from a combination of Transit and Intercity Rail Capital Program and other committed funding to allow a project to compete for funding from other greenhouse gas reduction programs (such

as Caltrans' Low Carbon Transit Operations Program, the Strategic Growth Council's Affordable Housing and Sustainable Communities Program or the Air Resources Board's Low Carbon Transportation funding program) or from the Commission's Active Transportation or State Transportation Improvement Programs. A project intending to compete for funding in one of the aforementioned programs should indicate, if appropriate, the separable elements to be funded from that source. A project that is programmed prior to receiving a commitment of funding from one of the aforementioned programs must receive the funding commitment in the fiscal year prior to the year in which the project is requesting funding from the Transit and Intercity Rail Capital Program. If the project does not receive funding from that program and the project does not have separable elements, the project may be subject to deletion from the program.

## 12 Allocations and Project Delivery

When an agency is ready to implement a project or project component, the agency will submit an allocation request to Caltrans. The typical time required, after receipt of the application, to complete Caltrans review, and recommendation and Commission allocation is 60 days. The specific details and instructions for the allocation, transfer and liquidation of funds allocated to implementing agencies are included in the Procedures for Administering Local Grant Projects in the State Transportation Improvement Program (see [www.dot.ca.gov/hq/LocalPrograms/lam/prog\\_g/g23stip-2013-10-31.pdf](http://www.dot.ca.gov/hq/LocalPrograms/lam/prog_g/g23stip-2013-10-31.pdf)).

Caltrans and CalSTA will review the request and determine whether or not to recommend the request to the Commission for action. The Commission will consider the allocation of funds for a project when it receives an allocation with a recommendation from Caltrans and CalSTA. The recommendation will include a determination of project readiness, the availability of appropriated funding, and the availability of all identified and committed funding. When Caltrans develops its construction allocation recommendation, the Commission expects Caltrans to certify that a project's plans specifications and estimate are complete, environmental and right-of-way clearances are achieved, and all necessary permits and agreements (including railroad construction and maintenance) are executed.

In compliance with Section 21150 of the Public Resources Code, the Commission will not allocate funds for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act. As a matter of policy, the Commission will not allocate funds for design, right-of-way, or construction of a federally funded project prior to documentation of environmental clearance under the National Environmental Policy Act (NEPA). Exceptions to this policy may be made in instances where federal law allows for the acquisition of right-of-way prior to completion of NEPA review. If requested by the Commission, Caltrans will assist Commission staff in the preparation of agenda items presenting environmental documents to the Commission.

The Commission will approve the allocation if the funds are available, as determined by CalSTA and Caltrans, and the allocation is necessary to implement the project as included in the adopted Transit and Intercity Rail Capital Program. If there are insufficient program funds to approve an allocation, CalSTA may delay the recommendation to allocate funds to a project until the next fiscal year without requiring a Commission action. Agencies should not request Commission allocations unless prepared to award contracts related to the allocation within six months. Funds available following the deletion of a project may be allocated to a programmed project advanced from a future fiscal year or to a project amended into the program.

The Transit and Intercity Rail Capital Program is a reimbursement program for costs incurred. Costs incurred prior to Commission allocation and, for federally funded projects, federal project approval (i.e. Authorization to Proceed) are not eligible for reimbursement. Moreover, contracts may not be awarded prior to fund allocation without specific pre-approval by CalSTA and approval of a Letter of No Prejudice by the Commission. For the procurement of rolling stock and buses, the Commission may consider the exercising

of an option or the certification of funds for contract elements as meeting the milestone for contract award provided that the agency is under no contractual obligation to pay any funds or penalty if the option is not exercised or the funds not certified.

Once the allocation is approved by the Commission, Caltrans and CalSTA will prepare appropriate agreements with the agency. These agreements may include project specific conditions required by CalSTA and Caltrans based on the overall scope of work and expected outcome of the project.

Prior to the completion of project design, an agency may propose to CalSTA modifications to the proposed project in order to achieve the same or greater level of benefits or reduced costs.

Funds allocated for project development or right-of-way costs must be expended by the end of the fiscal year of allocation plus two additional fiscal years, unless a longer time-frame is specifically authorized by CalSTA tied to contracting requirements. Funds allocated for construction phase contracts, including rolling stock procurement, will have an expenditure timeline determined by the project schedule. Following liquidation of all project funding and contract acceptance, the implementing agency has six months to make the final payment to the contractor or vendor, prepare the Final Report of Expenditures and submit the final invoice to Caltrans for reimbursement.

## 12.1 Letter of No Prejudice

An agency may apply to the Commission for a letter of no prejudice for a project or for any component of a project included in the approved program of projects. Statutory authority is provided in Section 75225 of the Public Resources Code as added by Senate Bill 9 of 2015. If approved by the Commission, the letter of no prejudice will allow the agency to expend its local funds for the project or any component of the project and to be eligible for future reimbursement. The amount will be reimbursed if all of the following conditions are met:

1. The project or project component for which the letter of no prejudice was requested has commenced and the expenditures have been incurred.
2. The expenditures are eligible for reimbursement in accordance with applicable laws and procedures. If expenditures made by the lead applicant agency are determined to be ineligible, the state has no obligation to reimburse those expenditures.
3. The agency complies with all legal requirements for the project, including the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000)).
4. There are moneys in the Greenhouse Gas Reduction Fund or from SB 1 revenues designated for the program that are sufficient to make the reimbursement payment.

The agency and the Commission shall enter into an agreement governing reimbursement as described in this section.

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The Commission, in consultation with intercity, commuter, urban rail, and other public transit entities, may develop guidelines to implement this section.

## 12.2 Multiyear Funding Agreement

An agency may apply to CalSTA for a multiyear funding agreement. Statutory authority is provided in Section 75224 (d) of the Public Resources Code as added by Senate Bill 9 of 2015. Any such agreements shall be implemented in cooperation with the Commission. If approved by CalSTA, the multi-year funding agreement would operate similar to a federal Full Funding Grant Agreement, wherein an agency may receive an allocation and implement a project at risk, with receipt of future state revenue dependent on legislative appropriation and/or receipt of program SB 1 revenue or Cap-and-Trade auction proceeds. The state would not be responsible for any borrowing costs an agency may incur, or other costs, allocated with the timeline of state revenue availability. Pursuant to Section 75224, the multiyear funding agreement would be for an amount of program money and for any duration, as determined jointly by the CalSTA and the applicant. CalSTA may agree to a duration that exceeds the five-year programming cycle, if deemed helpful in completing large transformative capital projects. Other requirements for the program will be included in the multiyear funding agreement as determined by CalSTA in cooperation with the applicant and the Commission.

## 12.3 Project Delivery Deadline Extensions

CalSTA, as explained below, may grant a deadline extension if it finds that an unforeseen and extraordinary circumstance has occurred that justifies the extension. The extension will not exceed the period of delay directly attributable to the extraordinary circumstance.

There are separate deadlines, for award of a contract, for expenditures for project development or right-of-way, and for project completion, and each project component has its own deadlines. CalSTA may grant the extension of a deadline for award of a contract, for expenditures for project development or right-of-way, for project completion, and for project reimbursement.

All requests for project delivery deadline extensions should be submitted by the agency responsible for project delivery to Caltrans at least 60 days prior to the specific deadline for which the particular extension is requested (e.g., 60 days prior to June 30 to request the extension of allocation deadlines). The extension request should describe the specific circumstance that justifies the extension and identify the delay directly attributable to that circumstance. Caltrans will review extension requests and forward them to the CalSTA for approval.

## 13 Project Reporting

As a condition of the project selection and allocation, the implementing agency must submit to Caltrans quarterly reports on the activities and progress made toward implementation of the project and a final delivery report. The purpose of the reports is to ensure that the project achieves the goals of the program, is executed in a timely fashion, and is within the scope and budget identified when the decision was made to fund the project.

Recordkeeping and reporting requirements will apply through the life of the project. All recordkeeping and reports must be consistent with the reporting requirement, quantification methodologies and records retention periods developed by the Air Resources Board ([www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm](http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm)). At a minimum, agencies must report on all projects selected for funding, yearly progress on each funded project, and the benefits (GHG and co-benefits) achieved for each project once it is completed. Implementing agencies

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should note that additional reporting may be required for some projects, referred to as Phase 2 reporting, or be modified based on the evolving needs of the program. For projects benefiting disadvantaged communities and low-income households and communities, reports must identify and include metrics to demonstrate the benefits being achieved. Some reported project information will be publicly available on the Air Resources Board website, including the amount of funding that is being spent on projects that benefit disadvantaged communities.

Within one year of the project becoming operable, the implementing agency must provide a final delivery report to Caltrans which includes:

1. The scope of the completed project as compared to the programmed project.
2. Performance outcomes derived from the project as compared to those described in the project application. This should include before and after measurements and estimates (ridership/service levels, greenhouse gas reductions included updated estimates the greenhouse gas reductions over the life of the project, benefit to disadvantaged communities, project co-benefits, etc.), and an explanation of the methodology used to quantify the benefits.
3. Before and after photos documenting the project.
4. The final costs as compared to the approved project budget by component and fund type, and an estimate of the Transit and Intercity Rail Capital Program funds spent to benefit disadvantaged communities
5. Its duration as compared to the project schedule in the project application.

Upon request from the implementing agency, Caltrans may consider requests to delay reporting on before and after or other performance outcome data until two years after project operation if similar data is requested by the Federal Transit Administration or if the agency deems such delay would improve the reliability of the report.

For the purpose of this section, a project becomes operable when the construction contract is accepted or acquired equipment is received.

In addition to quarterly reports and final delivery report, the California Air Resources Board (ARB) is developing funding guidelines that will include reporting requirements for all State agencies that receive appropriations from the Greenhouse Gas Reduction Fund. Caltrans and project sponsors will need to submit reporting information in accordance with ARB's funding guidelines, including reporting on greenhouse gas reductions and benefits to disadvantaged communities. For more information, see [www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm](http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm)

The State of California has the right to review project documents and conduct audits during project implementation and over the life of the project. Caltrans or another State agency may audit a sample of Transit and Intercity Rail Capital Program projects to evaluate the performance of the project, determine whether project costs incurred and reimbursed are in compliance with the executed project agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and program guidelines, and whether project deliverables (outputs) and outcomes are consistent with the project scope, schedule, and benefits described in the executed project agreement or approved amendments thereof. A report on the projects audited must be submitted by the auditing agency to CalSTA.

## 14 Project Administration

Caltrans will administer the Transit and Intercity Rail Capital Program consistent with these guidelines and existing Commission and Caltrans policies and procedures.

Agencies must encumber and expend monies consistent with State law, and ensure that Greenhouse Gas Reduction Fund monies are utilized consistent with the expenditure record submitted by Caltrans

and required by SB 1018. A determination that use of Greenhouse Gas Reduction Fund monies is not consistent with the expenditure record and does not further the purposes of AB 32 may occur during legal proceedings or during an audit or program review conducted by the Bureau of State Audits, Department of Finance, a third-party auditor, or the Air Resources Board. Depending on the outcome of those proceedings or review, agencies may be required to return monies to the state if expenditures are not consistent with the statutory requirements (such as not furthering the purposes of AB 32.)

The state may terminate the grant for any reason at any time if it learns of or otherwise discovers that there are allegations supported by reasonable evidence that a violation of any state or federal law or policy by the grantee which affects performance of this or any other grant agreement or contract entered into with the State. If a grant is terminated, the agency may be required to fully or partially repay funds from the Transit and Intercity Rail Capital Program.

## **Attachment 1: Investments to Benefit Disadvantaged Communities and Low Income Communities and Households**

The Air Resources Board is updating these guidelines. See the following website for upcoming draft guidelines and final guidelines.

<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>

## **Attachment 2: Quantification Methodology**

The Air Resources Board is updating the quantification methodology. See the following website for upcoming draft and final methodology.

<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>